

SUMTER COUNTY BOARD OF COMMISSIONERS
EXECUTIVE SUMMARY

SUBJECT: SunTrust Equipment Financing & Leasing Corp. Commercial Loan (Staff recommends approval).

REQUESTED ACTION: **Approve SunTrust Equipment Financing & Leasing Corp. Loan Proposal**

☐ Work Session (Report Only)
☒ Regular Meeting

DATE OF MEETING: 3/13/2012
☐ Special Meeting

CONTRACT: ☒ N/A

Effective Date: _____

Managing Division / Dept.: _____

Vendor/Entity: _____

Termination Date: _____

BUDGET IMPACT: Approximately \$1.7 million annually for seven (7) years

☒ Annual
☐ Capital
☐ N/A

FUNDING SOURCE:

Capital Outlay Reserve Fund revenues

EXPENDITURE ACCOUNT:

Capital Outlay Reserve

HISTORY/FACTS/ISSUES:

The Sumter County Board of County Commissioners approved the award of the Digital Public Safety Radio Network contract to Motorola Solutions on February 28, 2012 (see attached). Financing options were discussed with Motorola Solutions and SunTrust Equipment Finance & Leasing Corp. (SunTrust). The estimated cost of the equipment is eleven million dollars (\$11,000,000).

To finance this equipment, the County looked at two options:

1. Finance through SunTrust at a cost of approximately \$1,692,048 over seven (7) years.
2. Finance through Motorola at a cost of approximately \$1,715,347 over seven (7) years.

The SunTrust option will save the County approximately \$325,000 over the term of the loan.

It is recommended that the Sumter County Board of County Commissioners approve the SunTrust proposal (see attached) for the financing of the Motorola equipment. The terms of the loan are as follows:

Principal: \$11,000,000

Interest Rate: 1.884%

Term: 7 years

**SUMTER COUNTY BOARD OF COMMISSIONERS
EXECUTIVE SUMMARY**

SUBJECT: Motorola Solutions, Inc. Contract for Digital Public Safety Radio Network

REQUESTED ACTION: Consider Approving

☒ Work Session (Report Only)
☐ Regular Meeting

DATE OF MEETING: 2/28/2012
☐ Special Meeting

CONTRACT: ☐ N/A

Effective Date: _____

Managing Division / Dept: _____

Vendor/Entity: Motorola Solutions, Inc.

Termination Date: _____

BUDGET IMPACT: Varies as noted below

☒ Annual
☒ Capital
☐ N/A

FUNDING SOURCE: General Fund

EXPENDITURE ACCOUNT: _____

HISTORY/FACTS/ISSUES:

The pricing proposal from Motorola Solutions, Inc. and their services will be negotiated on 2/23/12 and 2/24/12 with the desire to bring forth the contract for consideration at the BOCC 2/28/12 meeting.

This project is a greater than \$10M in overall scope and therefore will be financed either directly with Motorola (their interest rate is comparable to a commercial loan) or commercial loan. Due to the project being proposed for financing, the budgetary impact will be the debt service payments and ultimately the reoccurring maintenance costs associated with the system.

This executive summary is provided as a place holder since the contract will presented for approval after the negotiations are complete.

Time is of the essence for both parties since Motorola has a deadline for completion to meet the FCC narrow banding deadline of 1/1/13.

APPROVED

February 28, 2012

Chairman authorized to execute contract when the following conditions are met: (1) All proposed tower locations for the proposed public safety radio system are formalized with the tower owner. (2) The Sumter County modifications to the response to the request for proposals are accurately listed within the contract. (3) The County Administrator has finalized the financing within or for the costs associated with the contract. (4) The County Attorney provides the final review to ensure the contract meets legal scrutiny. The basis for the motion at this time is the timeframe of work activity necessary to meet the FCC deadline as well as gain the financial discount offered by Motorola Solutions, Inc. for an early contract execution.



March 5, 2012

Art Bisner
Director of Support Services
Sumter County Board of County Commissioners
7375 Powell Rd., Suite 206
Wildwood, FL 34785

RE: Proposal for Financing Motorola Radio Equipment

Dear Sir:

SunTrust Equipment Finance & Leasing Corp. ("STEFL") is pleased to present to Sumter County Board of County Commissioners, FL its indicative rates for the financing of the Motorola Equipment. The terms and conditions of our proposal are outlined as below:

LESSEE:	Sumter County Board of County Commissioners, FL. Lessee is a state or political subdivision within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "Code").
LESSOR:	SunTrust Equipment Finance & Leasing Corp., or its Assignee
TYPE OF FINANCING:	Schedule to Existing Master Lease Agreement. Said Agreement shall be a net lease arrangement whereby Lessee is responsible for all costs of operation, maintenance, insurance, and taxes. The Agreement shall be based on the annual appropriation of funds.
BANK QUALIFICATION:	NBQ / BQ – Lessee reasonably anticipates the total amount of tax-exempt obligations (other than private activity bonds) to be issued by Lessee during calendar year 2011 <i>will or will not</i> exceed ten million (\$10,000,000.00) dollars.
EQUIPMENT TYPE:	Motorola Project
AMOUNT FINANCED:	\$6,500,000.00 – 11,000,000.00
DATE OF FUNDING:	Assumed to be on or before March 31, 2012
LEASE PAYMENT:	Payments commencing on March 31, 2013.
PREPAYMENT OPTION:	The prepayment option can be exercised on any scheduled payment date without penalty.

LEASE TERM / RATE:

Term	Rate	Financed Amount	Payment Amount
60 months	1.715%	11,000,000.00	2,314,455.91
	1.715%	6,500,000.00	1,367,633.03
84 months	1.884%	11,000,000.00	1,692,047.51
	1.884%	6,500,000.00	999,846.25
120 months	2.177%	11,000,000.00	1,235,958.51
	2.177%	6,500,000.00	730,339.12

ESCROW FUNDING:

STEFL has assumed funding of an escrow account for this transaction on or about **March 31, 2012**. The Equipment Acquisition Fund will be used to pay equipment vendors/contractors and any escrow expenses.

Escrow Agent will be selected by Lessee subject to STEFL's credit approval. STEFL to review and approve escrow disbursements prior to Escrow Agent disbursing of funds.

It is assumed that all interest earnings will accrue for benefit of Lessee. This proposal also does not take into consideration the application of any interest earnings from the escrow fund of the account. If the Lessee selects the escrow funding option, the Lessee will be responsible for a \$250.00 escrow fee.

ESCROW DISBURSEMENTS:

STEFL will request the following information from the Lessee to disburse funds to vendors and or the Lessee from the escrow account:

- Executed Disbursement Request Form
- Executed Acceptance Certificate
- Copies of Vendor Invoices;
- Proof of Payment (required if Lessee is requesting a reimbursement)
- Proof of Insurance (both Liability and Property and Casualty Coverage)
- For vehicles, a copy of the Title Application listing SunTrust Equipment Finance & Leasing Corp. as a lien holder; and
- For vehicles, a copy of the MSO or Manufacturer's Statement of Origin.

REIMBURSEMENT:

If Lessee intends to be reimbursed for any equipment cost associated with this Agreement, intent for reimbursement from the proceeds of this Agreement must be evidenced, and must qualify under the Treasury Regulation Section 1.150.2.

INSURANCE:

The Lessee shall furnish confirmation of all risk physical damage insurance coverage for the full cost of the property plus one million (\$1,000,000.00) dollars combined single limit property damage and bodily injury insurance covering the property. STEFL shall be named as loss payee and additional insured on such coverage.

AUTHORIZED SIGNORS:

The Lessee's governing board shall provide STEFL with its resolution or ordinance authorizing this Agreement and shall designate the individual(s) to execute all necessary documents used therein.

LEGAL OPINION:

The Lessee's counsel shall furnish STEFL with an opinion covering this transaction and the documents used herein. This opinion shall be in a form and substance satisfactory to STEFL.

LEGAL TITLE:

Title to the equipment will be in the name of Lessee.

DOCUMENTATION:

Utilize standard STEFL lease agreement that will cover all facets of the transaction. The documentation fee of \$250.00 will be waived.

RATE LOCK EXPIRATION:

If the proposal is accepted by **March 6, 2012**, and funding occurs by **March 31, 2012** the Lease Rate and Lease Payment will remain firm for the term of the financing. **A verbal acceptance pending formal board approval will be acceptable to hold the proposed rate.**

If the proposal is not accepted by **March 6, 2012**, and funding does not take place by **March 31, 2012**, the Lease Rate and Lease Payment Amounts will be adjusted to market conditions three (3) days prior to funding or a rate lock extension can be obtained as discussed with lessee/lessor. Once set, the Lease Rate will remain fixed for the Lease Term.

FINANCIAL STATEMENTS:

Lessee shall provide to Lessor three (3) years of current financial statements, budgets, demographics, and proof of appropriation for the ensuing Fiscal Year and such other financial information relating to the ability of Lessee to continue this Agreement as may be reasonably requested by Lessor (including but not limited to a copy of the performance contract & performance bond if applicable)

This proposal is subject to final credit approval by the Credit/Investment Committee of SunTrust Bank and approval of the lease documents in SunTrust Equipment Finance & Leasing Corp.'s sole discretion. To render a credit decision, Lessee shall provide STEFL with the information requested above. Upon receipt of the signed proposal, we will endeavor to provide you with a timely commitment to close within the rate lock time frame.

It is a pleasure to offer this proposal to you and we look forward to your favorable acknowledgment.

Sincerely,



Lawanna S. Gatton
Vice President
SunTrust Equipment Finance & Leasing Corp.
300 E. Joppa Rd; Suite 700
Towson, MD 21286
410-307-6705
410-952-1208 cell

AGREED TO AND ACCEPTED BY:

Name: _____

Title: _____

Date: _____